

**STATEMENT OF MARK ERLICH
EXECUTIVE SECRETARY-TREASURER
NEW ENGLAND REGIONAL COUNCIL
OF CARPENTERS
BEFORE THE LABOR COMMITTEE
INFORMATIONAL HEARING
FEBRUARY 8, 2011**

**TESTIMONY FOR CONNECTICUT
LEGISLATIVE HEARING
FEBRUARY 8, 2011**

MY NAME IS MARK ERLICH AND I AM THE HEAD OF THE NEW ENGLAND REGIONAL COUNCIL OF CARPENTERS, REPRESENTING 20,000 CARPENTERS IN CONNECTICUT, MASSACHUSETTS, RHODE ISLAND, MAINE, NEW HAMPSHIRE, AND VERMONT.

I HAVE BEEN A UNION CARPENTER SINCE 1975 AND FIRST GOT INVOLVED WITH THIS POLICY DEBATE IN 1988 DURING THE QUESTION 2 CAMPAIGN, AN ATTEMPT TO REPEAL THE MASSACHUSETTS PREVAILING WAGE STATUTES THROUGH A BALLOT QUESTION.

I WAS FIELD DIRECTOR FOR THE ANTI-REPEAL EFFORT AND KNEW WE WERE FIGHTING AN UPHILL BATTLE BECAUSE THE PRO-REPEAL FORCES HAD POSITIONED THE ISSUE AS PART OF THE SO-CALLED TAXPAYERS' REVOLT OF THAT ERA. SO A STUDY WAS COMMISSIONED TO CALCULATE THE CONSEQUENCES OF REPEAL BY DATA RESOURCES INC., A THINK TANK KNOWN FOR ITS INDEPENDENCE, LACK OF BIAS, AND RELIABLE RESEARCH.

DRI CONCLUDED THAT ELIMINATION OF THE LAW WOULD PRODUCE JUST 0.6% IN TAX SAVINGS, A \$196

MILLION WAGE LOSS, AN INFLUX OF OUT-OF-STATE CONTRACTORS AND WORKERS, AND INCREASED CHAOS IN THE CONSTRUCTION LABOR MARKET. THE CREDIBILITY OF THAT STUDY TRANSFORMED THE POLITICAL DEBATE AND THE BALLOT QUESTION WAS VOTED DOWN BY A 58-42 MARGIN, DESPITE A WELL FINANCED CAMPAIGN BY REPEAL PROPONENTS. EVERY LEGITIMATE STUDY SINCE THEN, INCLUDING THOSE BY PROF. PHILIPS AND HIS COLLEAGUES, HAS ONLY RE-AFFIRMED THESE CONCLUSIONS.

IT IS WORTH REMEMBERING THAT STATE PREVAILING WAGE LAWS (WHICH DATE BACK TO 1891 IN KANSAS) WERE NOT DESIGNED BY UNION ADVOCATES. THE FEDERAL DAVIS-BACON ACT WAS INTRODUCED BY TWO REPUBLICAN LEGISLATORS, ADOPTED WITHOUT OPPOSITION IN BOTH THE HOUSE AND SENATE IN 1931, AND SIGNED INTO LAW BY PRESIDENT HERBERT HOOVER.

THE INTENT OF PREVAILING WAGE LEGISLATION IS TO ENSURE THAT TAXPAYERS GET VALUE FOR THEIR PUBLIC CONSTRUCTION INVESTMENT. SINCE MOST PUBLIC AWARDED AUTHORITIES ARE REQUIRED TO ASSIGN PROJECTS TO THE LOW BIDDER, AN UNREGULATED WAGE STRUCTURE WOULD SIMPLY REWARD THOSE FIRMS WHO PAID THE LOWEST WAGES AS OPPOSED TO THOSE WHO WERE MOST QUALIFIED. THE CREATION OF A PREVAILING WAGE STANDARD TAKES WAGES OUT OF COMPETITION AND REWARDS MANAGERIAL COMPETENCE AND FIRMS

WITH THE HIGHEST RATES OF PRODUCTIVITY. THESE BASIC PRINCIPLES MOTIVATED SENATOR DAVIS AND CONGRESSMAN BACON 80 YEARS AGO AND REMAIN JUST AS VALID TODAY.

IN TODAY'S CONSTRUCTION INDUSTRY, THE RATIONALE FOR CONTINUATION AND EVEN EXTENSION OF PREVAILING WAGE LAWS IS EVEN MORE POWERFUL. THE PRIVATE CONSTRUCTION MARKET HAS BECOME LIKE THE WILD WEST, WITH A GROWING UNDERGROUND ECONOMY OF WORKERS MISCLASSIFIED AS "INDEPENDENT CONTRACTORS", WORKERS PAID IN CASH OR NOT AT ALL, AND THE EXPLOITATION OF UNDOCUMENTED IMMIGRANTS. THE CONNECTICUT DEPARTMENT OF LABOR HAS DEVELOPED AN AGGRESSIVE CAMPAIGN OF STOP WORK ORDERS AND OTHER PENALTIES IN AN ATTEMPT TO CLEAN UP THE STATE'S CONSTRUCTION INDUSTRY. THE ONLY JOBS THAT WOULD BE CREATED BY THE ELIMINATION OF THE STATE'S PREVAILING WAGE LAW WOULD BE TO FILL THE NEED FOR ADDITIONAL DOL INSPECTORS TO CRACK DOWN ON WHAT WOULD BE A CERTAIN DELUGE OF LABOR VIOLATIONS THAT WOULD RUN RAMPANT ON TAXPAYER FUNDED CONSTRUCTION PROJECTS.

WEAKENING THE STATE'S PREVAILING WAGE LAW IN ANY FASHION WOULD HURT WORKERS, HURT THE PAINFULLY SLOW PROCESS OF ECONOMIC RECOVERY, AND ULTIMATELY LEAD TO UNSAFE CONDITIONS ON PUBLIC PROJECTS AND THE

DELIVERY OF SHODDY CONSTRUCTION PRODUCTS
SUBSIDIZED BY TAX DOLLARS.

THERE IS NO POLITICAL IMPERATIVE TO REMOVE
PREVAILING WAGE REQUIREMENTS. AS RECENTLY
AS TWO YEARS AGO, A GAFFNEY BENNETT SURVEY
SHOWED THAT 75% OF CONNECTICUT VOTERS
SUPPORTED THE STATUTE. IF THIS COMMITTEE
WANTS TO PERFORM A PUBLIC SERVICE BY RE-
EVALUATING THE CURRENT STATUS OF THE
PREVAILING WAGE LAW, PLEASE DO NOT CONSIDER
ELIMINATION OF THE STATUTE. INSTEAD, I WOULD
URGE YOU TO REVIEW ALL SOURCES OF PUBLIC
FUNDS THAT DO NOT CURRENTLY TRIGGER THE USE
OF PREVAILING WAGES. EXTEND THE APPLICATION
OF THIS VALUABLE LAW; DON'T REMOVE IT.